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Pakistani Nuclear Imports and Exports: A European Perspective

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Monterey, 25 July 2006

Outline

- Nuclear Imports
- Nuclear Exports
- Same Network?
- Some Conclusions

Imports: Organization

- Initial organization set up in '72-73
 - MA Khan « strategic commander »
 - SA Butt « tactical commander »
 - Directorate of Technical Procurement (PAEC)
- Two kinds
 - Major State-to-State contracts
 - Western countries (until around 1980)
 - China, North Korea
 - Direct imports from Western firms
 - Many of them authorized
 - Most of them unauthorized

Imports: Strategy (1)

- Systematic use of Pakistani embassies
- Involvement of Pakistani-born foreign nationals
- Extensive use of personal connections (AQK)
- Redundancy (multiple buyers)
- Sample buying (for later reproduction)
- Needle in haystack
- Plus classic tricks:
 - front companies
 - multiple intermediaries
 - false end-user certificates

Imports: Strategy (2)

- Strategy evolves over time
 - Evolution to adapt to exports restrictions
 - Individual components (rather than entire units), pre-forms (rather than ready-made units)
 - AQK gains more autonomy
 - China becomes key supplier
- Financial dimension
 - West Asian firms, BCCI

Imports: Who Did What?

- Most known *actual* imports : from European firms
 - Germany
 - Switzerland, Belgium, Netherlands, France
- But very high number of known *attempted* imports from US firms

Imports: Not Unlike Iraq 1980s...

- Common points
 - Redundancy (Iraq: two different networks)
 - Use of Iraqi embassies
 - Finances
 - Imports of small or sub- components (via diplomatic pouch)
- Several individuals involved in both cases
- Several European companies involved in both cases
- ...but Pakistani network more centralized

Imports: Why So Much Success in 1970s and 1980s?

- Denial, Delusion, Defiance
 - Don't want to know what they'll do with the equipment
 - If we don't sell them, others will
 - Don't believe Pakistan will succeed in making the Bomb
 - If others have the Bomb, why not Pakistan?

Imports: Why Europe?

- Less committed to non-proliferation until 1991
 - Weaker exports controls
 - Defiance vis-à-vis the US
 - URENCO described as « an act of resistance »
 - Independence (France, Switzerland)
- Increasingly liberal intra-European trade policies
 - Allowing Pakistan to hide final destination
- Extent of AQK's personal contacts on the continent

Imports: Why Germany?

- Know-how
 - Machine-tools, engineering and precision mechanics, nuclear enrichment (URENCO)
- Not a nuclear power: exports controls less developed, less efficient
 - Lack of expertise in some areas
- AQK's own experience
 - Identification of German firms
 - Personal contacts and friendships

Imports: What About the US?

- GAO, 1994:
 - 1988-1992, more than 80% of applications for exports of nuclear-related equipment to Pakistan were approved (650 out of 808)
 - Including 3 to sensitive end-users (out of 9)
- High number of attempts to import
 - Inverters
 - Krytrons
 - Oscilloscopes

Imports: To Be Continued

- 2005-2006:
 - Swiss intercept shipment of Russian-made aluminium
 - EU intelligence: Pakistan still shopping for high-grade aluminium, ring magnets, machine-tools...
 - Russian July 2006 White Paper
 - Future needs for possible new HWR, expansion of reprocessing capabilities?

Exports: Organization

- AQQ, Inc.:
 - Privatization of one part of the Pakistani imports network, starting mid-1980s
 - Small numbers (~50), a real family business (cf. the Tinner family, the Griffin family)
 - Company run from Pakistan (Farooq, Tahir) and Dubai
 - Several nodes (Malaysia, South Africa...), firewalls; warehouses (Sudan)

Exports: Different Cases, Different Responsibilities

- Iran
 - Three different phases
 - 1987-1988, 1988-1991, 1991-1995
 - Clear involvement of CoAS MA Beg, probably GI Khan
- North Korea
 - Were nuclear exports explicitly approved?
 - Role of CoAS AW Kakar, J. Karamat?
- Iraq, Libya, Syria
 - AQK own initiative, perhaps with some tacit approval by military authorities
 - Went beyond his mandate and got carried away

Exports: Different Cases, Different Responsibilities

- Most exports took place between 1988 (death of Zia) and 1999 (Musharraf coup)
 - Power structure in Pakistan was complex, diffuse responsibilities
- Civilian responsibilities
 - Bhutto and Sharif were at least partly aware of some transfers
 - President GI Khan

Imports and Exports: Same Network?

- Experience and contacts gained in imports very useful for exports
- Clear specific links
 - Some imports both for national and foreign needs
 - Large quantities, unexplained
 - Key individuals involved in both
 - Pakistan: Farooq
 - Europe: Griffin, Lerch, Slebos, Tinner, Mebus
 - Dubai as major platform for both
 - BCCI used both ways (until 1991)

Imports and Exports: Same Network?

- ...but not merely « reversal of the flow »
 - Large number of Pakistani acquisitions were PAEC-controlled
 - AQK Inc. was « privatized subsidiary » of Pakistani imports network
 - Libya (biggest case of export) was an ad hoc operation

Some conclusions (1)

- AQK Inc.: more an « imports/exports business » than a « Wal-Mart »
- The case is not closed
 - Parts of the exports network probably still exist
 - Pakistani imports continue
- AQK unique case because based on experience and contacts gained for national nuclear program
 - Future cases: Iran? North Korea?

Some conclusions (2)

- On top of Iraq, Pakistan case has been wake-up call for European exports controls
 - But issues remain
 - Structural problem of controlling exports of dual-use components, subparts in globalized market
 - Disparities in dual-use goods exports controls in the EU
 - ...do not help when several countries involved
 - Often controlled by government institutions with limited technical expertise, plus conflict of interest